Adjustment Requests to Rebill Claims as Outpatient/Observation

Adjustment Requests:

If HHSC Office of the Inspector General (OIG) Utilization Review (UR) issued an admission denial and a valid observation order was present in the medical record, providers may request an "Adjustment Request" in lieu of submitting an appeal. This is a request to authorize rebilling all or part of the denied claim as outpatient/observation services.

Criteria for submitting an "Adjustment Request" to HHSC Medical and UR Appeals:

- HHSC OIG UR issued an admission denial; and
- A physician's order for observation is present to document that the patient was placed in outpatient observation. An observation order may be written by the physician at any time prior to billing.
- Both criteria are required per policy: TMPPM Section 7.3.3: Inpatient admission denials cannot be rebilled as outpatient claims except as noted in subsection 4.2.4, Outpatient Observation Room Services in the Inpatient and Outpatient Hospital Services Handbook (Vol. 2, Provider Handbooks).
    - This policy applies to HHSC OIG UR inpatient admission denials only.
    - It does not allow authorization for RAC decisions to be rebilled as outpatient.

The process for submitting an Adjustment Request is as follows:

- An Adjustment Request letter with a copy of the HHSC OIG UR admission denial notice and a copy of the complete medical record certified by the properly completed and notarized affidavit must be received by HHSC Medical and UR Appeals within 120 calendar days of the notification letter.

    - The Adjustment Request letter must contain the same claim identifiers as are required for appeal submissions.
    - The subject line of the request letter should be "Adjustment Request."
    - It is helpful if the request letter includes the date/time and/or medical record page number where the observation order is found.
    - It is helpful if the facility submits revised claim forms with their request.
- A copy of the HHSC OIG UR admission denial notice must be included.
- A copy of the complete medical record certified by a properly completed and notarized affidavit must be included.
- After reviewing the submitted documentation, HHSC Medical and UR Appeals will notify the facility whether rebilling as outpatient/observation services will be authorized.
    - If approved and the request included a correctly completed revised CMS1500/UB-04 claim form, the claim will be forwarded to TMHP for reprocessing.
    - If approved, but a revised CMS1500/UB-04 claim form was not submitted or requires modifications:
        - HHSC Medical and UR Appeals will request additional documentation which must be returned within 21 calendar days of notice.
        - If properly and timely received, the claim will then be forwarded to TMHP for further processing.
- If a rebill is not authorized, the claim is not eligible for further appeal to HHSC Medical and UR Appeals.

Note: This process through Medical and UR Appeals is not the same as an HHSC OIG UR issued authorization for the resubmission of services on an outpatient claim:

- If an inpatient admission is denied, but a physician's order is present documenting that the client originally was placed in observation, the HHSC OIG UR unit may authorize the resubmission of services rendered during the first 48 hours on an outpatient claim (TMPPM Section 3.6, 1 TAC § 371.206).

- The hospital must submit the revised outpatient claim and a copy of HHSC OIG UR's notification letter to TMHP at the address indicated in the notification letter.
- If submitted to HHSC Medical and UR Appeals instead, the claims will not be processed.
- If appealed to HHSC Medical and UR Appeals for inpatient payment instead, the claim may not again be reauthorized for outpatient payment.